

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
April 22, 2005
Action Items



ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Action

I. ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

A. Request Approval of 2005 Elderly Housing Community Loan (EHCL) Program Review Committee's Recommendation of Final Rankings

1. Background/Present Situation

- a) The EHCL Program provides loans of up to \$200,000 per originated loan to developers that are making substantial improvements to elderly housing for life safety, building preservation, health, sanitation, or security related issues.
- b) The EHCL Application Cycle opened on December 10, 2004 and closed on February 7, 2005 with an estimated \$1,080,000 available for funding. Seven applications were received for this cycle.
- c) The EHCL Review Committee (Comprised of Derek Helms, Vicki Robinson, Robert Dearduff, George Tokesky of the Department of Elder Affairs and Tracy Suber of the Department of Community Affairs) met on March 31, 2005. The Review Committee recommends the attached final ranking ([Exhibit A](#)).

2. Recommendation

Approve the EHCL Review Committee's recommendation for final ranking and direct staff to issue preliminary commitment letters and proceed with all necessary credit underwriting activities for applications in order of ranking until all funding is allocated in accordance with Rule Chapter 67-32, Florida Administrative Code. The eligible applications will be Stanley Axelrod Towers for \$199,975, Jefferson Center for \$72,797, Chipola Apartments for \$64,504, Robert Sharp Towers for \$200,000, Mildred and Claude Pepper Towers for \$200,000 and Council Towers N & S for \$175,740.

HOMEOWNERSHIP LOAN PROGRAM

Action

II. HOMEOWNERSHIP LOAN PROGRAM

- A. Authorize Staff to De-obligate HAP Funds for Bradenton Village Homeownership, Inc. (Non-Profit) for Bradenton Village Phase IV / HAP02-305

Applicant Name (“Applicant”):	Bradenton Village Homeownership, Inc. (Non-Profit)
Development Name (“Development”):	Bradenton Village, Phase IV
Developer/Principal (“Developer”):	Lance Clayton
Number of Units: 92	Location: Manatee County
Type: HAP Purchase Assistance Loan	Allocated Amount: \$2,588,850

1. **Background**

- a) The Applicant submitted an application for the 2002 Homeownership Loan Program.
- b) The Application scored within the funding range and was invited into credit underwriting on October 30, 2002.
- c) On March 21, 2005, the Developer advised Florida Housing of their decision to withdraw this proposed Development. The letter is attached as [Exhibit A](#).

2. **Recommendation**

Staff recommends that \$2,588,850 in HAP funds for the Bradenton Village Phase IV Development be de-obligated and made available for future use with the HAP Program.

HOMEOWNERSHIP LOAN PROGRAM

Action

B. Request Approval of a Change in Utilization of Funds from Construction to Purchase Assistance for Bonita Springs Area Housing Development Corporation (Non-Profit) for Sun Village Estates / HH03-012

Applicant Name (“Applicant”):	Bonita Springs Area Housing Development Corporation (Non-Profit)
Development Name (“Development”):	Sun Village Estates
Developer/Principal (“Developer”):	Mary Sorge
Number of Units: 10	Location: Lee County
Type: HOME Construction Loan	Allocated Amount: \$242,010

1. Background

- a) The Applicant submitted an application during round two of the 2003 Homeownership Loan Program cycle.
- b) On February 26, 2004, Florida Housing issued an invitation to enter into credit underwriting and a preliminary commitment for a HOME Construction Loan in the amount of \$242,010 to assist in the construction of 10 homes in Lee County.
- c) On July 30, 2004, the Board approved the final credit underwriting report dated July 15, 2004. A closing attorney was assigned and work commenced towards the Construction Loan closing which was scheduled for March 14, 2005.

2. Present Situation

- a) Staff received a letter from the Developer dated March 9, 2005 requesting a change in utilization of funds from construction to purchase assistance to the homebuyer, advising that the HOME funds were not needed for construction purposes. The letter is attached as [Exhibit B](#).
- b) The credit underwriter has reviewed the sources and uses and concurred that the funds are not needed for construction purposes. The letter is attached as [Exhibit C](#).

3. Recommendation

Staff recommends that the Board approve the change in the utilization of funds from construction to purchase assistance.

HOMEOWNERSHIP LOAN PROGRAM

Action

- C. **Authorize Staff to De-obligate HOME Funds for the Community Reinvestment Agency (Non-Profit) for Goulds II Homeownership / HH03-015 and Goulds II Homeownership Two/HH03-033**

Applicant Name (“Applicant”):	Community Reinvestment Agency (Non-Profit)
Developer/Principal (“Developer”):	Jose Miranda
Location:	Miami-Dade County
Development Name (“Development”):	
Goulds II Homeownership / HH03-015	Goulds II Homeownership Two / HH03-033
Number of Units: 11	Number of Units: 11
Allocated Amount: \$526,300	Allocated Amount: \$580,762
Type: HOME Construction Loan	Type: HOME Construction Loan

1. **Background**

- a) The Applicant submitted an application for Goulds II Homeownership during the 2003 Homeownership Loan Program and another application for Goulds II Homeownership Two during the 2003 Homeownership Loan Program Supplemental Cycle.
- b) Goulds II Homeownership entered into credit underwriting on February 2, 2004 and Goulds II Homeownership Two entered in credit underwriting on August 2, 2004.
- c) Both developments have received several extensions to provide information to the designated credit underwriters, having cited problems with rising construction costs and the inability to obtain additional financing commitments. Additionally, the credit underwriters have advised that the Developer has been non-responsive to the repeated request to submit documentation in order to conduct the underwriting analysis.

2. **Present Situation**

- a) On March 10, 2005, Florida Housing sent a letter to the Developer advising that the extension periods had expired for both Developments and that all outstanding information needed to be provided to the credit underwriters in time for the reports to be presented at the April 22, 2005 Board Meeting. Furthermore, the letter explained that if this deadline could not be met, Staff would recommend de-obligation of the HOME funds to the Board. The letter is attached as [Exhibit D](#).
- b) On March 30, 2005, another letter was sent advising that since neither Florida Housing nor the credit underwriters have heard from the Developer the recommendation to de-obligate the HOME funds would be presented to the Board at its April 22, 2005 meeting. The letter is attached as [Exhibit E](#).

3. **Recommendation**

Staff recommends that the HOME funds for Goulds II Homeownership (\$526,300) and Goulds II Homeownership Two (\$580,762), totaling \$1,107,062, be de-obligated and made available for future use in homeownership programs.

HOMEOWNERSHIP LOAN PROGRAM

Action

D. Request Approval of the Extension of the Loan Closing Date for Sable Chase / HH02-005

Applicant Name (“Applicant”):	DFC Homes of Florida, Inc.
Development Name (“Development”):	Sable Chase
Developer/Principal (“Developer”):	Kenny Davis
Number of Units: 50	Location: Broward County
Type: HOME Construction Loan	Allocated Amount: \$1,325,000

1. Background

- a) The Applicant submitted an application during round one of the 2002 Homeownership Loan Program cycle. The Application scored within the funding range and was invited into credit underwriting on November 4, 2002.
- b) The Board approved the final credit underwriting report at its January 23, 2004 meeting.
- c) At the July 30, 2004 meeting, the Board granted an extension of the loan closing until October 23, 2004, due to the city’s wind load requirements.
- d) At the December 3, 2004 meeting, the Board approved an additional extension from October 23, 2004 to January 23, 2005, to update the documentation required by Florida Housing and Citrus Bank.
- e) The Board granted a third extension of the loan closing, until April 1, 2005, at the March 4, 2005 meeting to obtain the additional information required by the credit underwriter and the closing attorney.

2. Present Situation

- a) On March 30, 2005, the Developer advised that the City of Pompano Beach has requested a review of the letter of credit for the donation of the land by the CRA Board. The CRA Board will meet on April 19, 2005, at which time the warranty deed will be available for the loan closing.
- b) The Developer has requested an extension until May 31, 2005 to finalize all preparations for the loan closing. Furthermore, the Developer has assured that all other issues related to the closing will be addressed prior to the April 22nd Board meeting so the only remaining issue will be the extension of the closing date. The letter is attached as [Exhibit F](#).

3. Recommendation

Staff recommends that the Board grant the loan closing extension until May 31, 2005.

HOMEOWNERSHIP LOAN PROGRAM

Action

E. Request Approval to Substitute Lots for Three Rivers Housing Foundation, Inc. (Non-Profit) for Leon HAP 3 / HAP02-329

Applicant Name (“Applicant”):	Three Rivers Housing Foundation, Inc. (Non-Profit)
Development Name (“Development”):	Leon HAP 3
Developer/Principal (“Developer”):	Forrest Boone
Number of Units: 30	Location: Leon County
Type: HAP Purchase Assistance	Allocated Amount: \$776,250

1. Background

- a) On March 7, 2003 the Board approved the final rankings for round two of the 2002 Homeownership Loan Program.
- b) On April 2, 2003, Florida Housing issued an invitation to enter into credit underwriting and authorized staff to issue a preliminary commitment for a HAP Purchase Assistance Loan in the amount of \$776,250 to assist in the construction of 30 homes in Leon County.
- c) On June 20, 2003, the Board approved the final credit underwriting report dated June 6, 2003.

2. Present Situation

- a) On April 4, 2005, the Developer advised that after building only two homes he was unable to obtain other suitable lots within Leon County and has requested permission to substitute 28 lots located in adjacent Gadsden County.
- b) The subject property has since then been annexed into the city of Tallahassee, and according to the Developer, the City will not honor the plans originally approved by the County. The Developer has located alternate sites in Gadsden County which appear to be suitable for the development of affordable housing. The letter is attached as [Exhibit G](#).

3. Recommendation

Staff recommends that the Board allow the HAP funds committed to be used on lots located in Gadsden County, not Leon County, subject to further approvals by the credit underwriter, counsel, and the appropriate corporation staff.

MINUTES

Action

III. MINUTES

- A. Consider Approval of the March 4, 2005, [Board of Directors' Meeting Minutes](#).

PROFESSIONAL SERVICES SELECTION

Action

IV. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Qualifications (RFQ) for Special Counsel Services

1. Background

At its January 14, 2005 meeting Florida Housing's Board of Directors authorized staff to issue an RFQ in order to select more than one qualified attorney for Special Counsel Services, and one qualified attorney to act as Special Counsel for the Guarantee Fund, and authorized the Executive Director to establish a Review Committee to make a recommendation for qualified attorneys to the Board.

2. Present Situation

- a) The solicitation process was initiated and RFQ 2005-01 was issued on February 11, 2005. Proposals were due on or before 2:00 p.m., Friday, March 11, 2005.
- b) Four responses were received. They are as follows:
 - (1) Adorno & Yoss, LLP
 - (2) Clyne & Self, P.A.
 - (3) Nabors, Giblin & Nickerson, P.A.
 - (4) Shuffied, Lowman & Wilson, P.A.
- c) The Review Committee members, designated by the Executive Director, were Laura Cox, Director of Asset Management & Guarantee Program, Kevin Pichard, Assistant Director of Guarantee Program, Melanie Weathers, Bond Administrator, Steve Auger, Multifamily Deputy Development Officer, Paula Reeves, Deputy General Counsel, and Wayne Conner, Multifamily Bonds Deputy Development Officer.
- d) On March 22, 2005, David Self, Clyne & Self, P.A. notified Florida Housing's Executive Director and Contracts Administrator that Clyne & Self was withdrawing its response to RFQ 2005-01.
- e) Each member of the Review Committee individually reviewed the proposals prior to convening for the Review Committee meetings. The Review Committee meetings were held at 2:00 p.m. on Monday, March 28th and Friday, April 1st. Results of the Review Committee's evaluation of the scored items are provided as [Exhibit A](#).

3. Recommendation

The Review Committee recommends that the Board authorize staff to enter into contract negotiations with Adorno & Yoss, LLP, Nabors, Giblin & Nickerson, P.A., and Shuffield, Lowman & Wilson, P.A., to provide Special Counsel Services. The Review Committee further recommends that Nabors, Giblin & Nickerson, P.A. act as primary Special Counsel for the Guarantee Fund.

PROFESSIONAL SERVICES SELECTION

Action

B. Requests for Proposals (RFP) for the Development of Affordable Housing for Persons with Physical, Mental or Developmental Disabilities

1. Background

At its October 14, 2004 meeting Florida Housing's Board of Directors authorized staff to issue an RFP to solicit proposals for the new construction and/or rehabilitation of homeownership or rental housing for persons with disabilities.

2. Present Situation

- a) The solicitation process was initiated and RFP 2004-12 was issued on December 3, 2004. The RFP reflected that Florida Housing expected to make up to approximately \$1.5 million available as loans to one of more offerors.
- b) Responses to the RFP were due on or before 2:00 p.m., Friday, February 4, 2005.
- c) Seventeen (17) responses were received. The offerors and loan amounts requested are listed as follows:
 - (1) Abilities at Crestview, Inc. (\$113,000)
 - (2) Boley Center for Behavioral Health Care (\$184,130)
 - (3) Broward County Community Development, Inc. d/b/a Broward Housing Solutions (\$500,000)
 - (4) Cope Center, Inc. (\$200,000)
 - (5) Deaf Service Bureau of West Central Florida (1 million)
 - (6) Foundation for the Challenged - Daytona Beach (\$250,000)
 - (7) Foundation for the Challenged - Fort Myers (\$820,000)
 - (8) Foundation for the Challenged – Tallahassee (\$430,000)
 - (9) Gillespie Services, Inc. (\$225,000)
 - (10) Grand Avenue Economic Community Development Corporation (1.4 million)
 - (11) Grove House of Jacksonville, Inc. (\$630,000)
 - (12) Hope Properties, Inc. (\$750,000)
 - (13) Lee County Department of Human Services (\$340,000)
 - (14) Lutheran Social Service of North Florida, Inc. (\$350,000)
 - (15) Noah's Ark of Central Florida, Inc. (\$600,000)

PROFESSIONAL SERVICES SELECTION

Action

- (16) The Housing Authority of the City of Miami Beach (\$300,000)
- (17) The Wilson House, Inc. (\$94,550)
- d) The Review Committee members, designated by the Executive Director, were Robert Dearduff, Special Programs Administrator, Susan Parks, Technology Facilitator, Elizabeth Loggins, Homeownership Loan Program Administrator, Freyja Sutherland, Housing Policy Senior Analyst, and Tim Kennedy, Loan Servicing Manager.
- e) The Review Committee reviewed the responses to the RFP individually prior to convening for the Review Committee meetings. The meetings were held on Monday, March 21st and Thursday, March 24th.
- f) At its March 24th meeting the Review Committee voted to reject the proposal submitted by Hope Properties for failure to provide a mandatory item. The Review Committee's final ranking is provided as [Exhibit B](#).

3. Recommendation

- a) The Review Committee recommends that the Board accept the final ranking as provided in [Exhibit B](#).
- b) Staff has verified that additional funds are available and recommends that approximately \$2.1 million be made available as loans to fund the top five ranked responses to the RFP.

PROFESSIONAL SERVICES SELECTION

Action

C. **Requests for Proposals (RFP) for the Refinancing and Rehabilitation of Elderly Properties originally financed by HUD under its Section 202 Program**

1. **Background**

- a) There are approximately 150 existing HUD Section 202 properties in Florida that were developed mostly in the 1970's and 1980's. Most of these properties are owned and managed by faith-based, non-profit organizations and serve very low income and extremely low income elderly residents. Because of their age, many of these properties are in need of rehabilitation work in areas that, if done, would directly benefit the health, safety and welfare of the elderly residents.
- b) The interest rates on many of these Section 202 loans are 8% per year or greater. Each of these properties also has a project-based Section 8 rental assistance contract with HUD. The time remaining on each of these contracts varies from property to property.
- c) On November 12, 2004, HUD published new guidelines that increase the economic viability of refinancing these properties using FHA insurance. HUD will also allow the savings realized as a result of the refinancing to be used for replacement reserves and for certain resident programs.

2. **Present Situation**

- a) Florida Housing currently has both volume cap private activity bond allocation and authority to issue 501(c)(3) bonds that could be used to refinance the existing Section 202 loans on these properties.
- b) Florida Housing may use HOME or other funds to rehabilitate properties that choose to refinance their existing Section 202 loans using Florida Housing's bonds. The additional subsidy will provide lower cost funds for the rehabilitation costs.
- c) By pooling a number of these properties into a single bond issue, the owner(s) of the properties that submit successful proposals would realize a substantial savings on their costs of issuance.
- d) Florida Housing is joining other state housing finance agencies in wrestling with the best way to preserve older affordable housing, especially housing that currently serves those with extremely low incomes. Staff believes that a demonstration project would allow Florida Housing to evaluate the use of bond allocation and HOME or other FHFC funds to preserve these types of properties.

3. **Recommendation**

Authorize staff to issue an RFP to solicit proposals for the refinancing and rehabilitation of elderly properties originally financed by HUD under its Section 202 program through the use of FHFC bonds and HOME and/or other FHFC funds.

PROFESSIONAL SERVICES SELECTION

Action

D. Request for Qualifications (RFQ) for Inclusion Within a Pool of Qualified Contractors

1. Background

- a) Section 1.42-5 of the Income Tax Regulations provides the minimum requirements that a housing credit agency's (Agency's) compliance monitoring procedure must contain to satisfy its compliance monitoring duties under § 42(m)(1)(B)(iii). Section 1.42-5(b)(1)(vi) provides that an Agency must require an owner to keep records for each qualified low-income building in the project that show for each year in the compliance period the annual income certifications of each low-income tenant per unit. Section 1.42-5(b)(1)(vii) provides that an Agency must require an owner to keep documents for each qualified low-income building in its project for each year in the compliance period that support each low-income tenant's income certification. Section 1.42-5(c)(1)(iii) provides that an Agency must require an owner to certify at least annually that, for the preceding 12-month period, the owner has received an annual income certification from each low-income tenant and documentation supporting that certification.
- b) Section 42(g)(8)(B) of the Internal Revenue Code provides that on application by the taxpayer, the Secretary may waive any annual recertification of tenant income for purposes of § 42(g) if the entire building is occupied by low-income tenants (a 100 percent low-income building). Low-income tenants are individuals occupying a rent-restricted unit in a qualified low-income housing project whose combined income satisfies the § 42(g)(1) income limitation elected by the owner of the project.

2. Present Situation

Property owners of buildings that have 100% of the units set-aside for tax credit eligible households (which do not have other sources of financing requiring annual income recertifications with supporting verification) seeking a waiver of recertification requirements shall select a qualified contractor from Florida Housing's approved list.

3. Recommendation

Authorize staff to issue an RFQ to solicit proposals from qualified entities for inclusion within a pool of qualified contractors which property owners can negotiate with to perform the scope of work necessary to seek a waiver of recertification.

PROFESSIONAL SERVICES SELECTION

Action

E. Request for Qualifications (RFQ) for Investment Banking Services

1. Background

- a) At its October 25, 2001 meeting Florida Housing's Board of Directors approved a pool of offerors to provide investment banking services for multifamily bond issues; Four (4) offerors were approved for single family bond issues; and one (1) offeror was approved for the Guarantee Program.
- b) The RFQ reflected that the selected offerors would serve as Florida Housing's investment bankers for a term of four (4) years, beginning with the date the Board made the selection.

2. Present Situation

- a) Effective October 25, 2005, the term for Florida Housing's investment bankers will expire.
- b) Florida Housing has a continuing need for qualified investment bankers to assist and advise Florida Housing regarding its bond issues and related matters.

3. Recommendation

Authorize staff to begin the solicitation process to select a pool of firms to act as investment bankers for negotiated and privately placed multifamily program transactions; select up to four (4) firms to manage or co-manage single family program transactions; and, select one (1) firm to act as investment banker for Florida Housing's Guarantee Program. Authorize the Executive Director to establish a Review Committee to make a recommendation for qualified investment bankers to the Board.

APPLICATION CYCLES

Action Supplement

I. APPLICATION CYCLES

A. Authority to Begin Rulemaking and Request for Proposal Process for Hurricane Programs

1. Background

- a) In February 2005, the Hurricane Housing Work Group, chaired by Lieutenant Governor Toni Jennings, issued a series of recommendations to leverage \$354.4 million in one-time funding proposed by the Governor's Office to assist with housing recovery efforts. The Work Group recommendations included funding for five programs to be administered by Florida Housing:
- (1) A Hurricane Housing Recovery Program – aimed at the 28 hardest hit counties, this program would be administered similar to the existing SHIP program (\$208 million);
 - (2) A Rental Recovery Loan Program – would primarily leverage private activity bond authority to provide more rental housing opportunities in hard hit areas of the state, this program would provide gap financing for apartment developments (\$95.5 million);
 - (3) A Farmworker Housing Recovery Program – would finance creative housing options for migrant farmworker housing in areas where farmworker housing was devastated by the storms (\$20 million);
 - (4) A Special Housing Assistance and Development Program – would provide repair funds and development financing for housing that serves Florida's most vulnerable residents (20.5 million); and
 - (5) An additional \$400,000 in Catalyst funding to provide technical assistance and training to local governments and nonprofit organizations on implementing housing recovery programs.

2. Present Situation

- a) Florida Housing has worked with the Governor's Office, House and Senate to prepare implementing language for the appropriation of hurricane recovery funds. Based on the recommendations of the Work Group, the implementing language as currently written would provide Florida Housing with emergency rulemaking authority in order to compress the time spent on rulemaking, thus allowing funds to be made available sooner for recovery. Florida Housing would also be given the authority to issue Requests for Proposals in order to provide funding through the Farmworker Housing Recovery and Special Housing Assistance and Development programs.
- b) Florida Housing has already begun to plan for the above programs in order to be prepared to implement them should funding be made available through the legislative process.

3.

APPLICATION CYCLES

Action Supplement

Recommendation

Authorize Florida Housing staff to begin emergency rulemaking and develop Requests for Proposals to implement the hurricane programs, should funding be appropriated to Florida Housing for this purpose.